

**JOINT MEETING OF THE
BOARD OF LAND COMMISSIONERS
AND THE
ENDOWMENT FUND INVESTMENT BOARD
April 8, 2003**

EFIB Members Present:

Gavin M. Gee, Vice-Chairman
M. Dean Buffington
Thomas F. Kealey
William D. Mitchell

EFIB Member(s) Absent:

Senator Dean L. Cameron
Representative William W. Deal
Norman N. (Nick) Hallett
John Taylor
Parker W. Woodall

Staff Present:

Matthew J. Haertzen, CFA
Jennifer Outram-Dobler
Connie Eshelman
Andrew Potter
Mary Livengood

Guests:

Louis Henry, Deloitte & Touche, LP
John Pickett, RBC Dain
Michael Boren, Clearwater Advisors, LLC
Douglas Bates, Clearwater Advisors, LLC
Floyd Dukes, Artisan Partners, LP
Walt McGhee, Oppenheimer Capital
Eoin Middaugh, Systematic Financial Mgmt.

Chairman of the Board of Land Commissioners Governor Kempthorne convened the joint segment of the Board of Land Commissioners Meeting at 10:45 AM.

10.A.a. – Audit Compliance Report

Mr. Haertzen and Mr. Henry discussed the fiscal year 2002 audit report. Mr. Haertzen reported that all items of concern listed in the audit have been resolved or are in the process of being resolved. Mr. Henry stated that staff has kept him apprised of changes as a result of audit concerns, and he approves the changes.

10.B.a – Mid-Cap Manager Search

Mr. Pickett of RBC Dain stated there is a need for mid-cap growth and mid-cap value managers. He discussed the process used to search for and screen prospective equity managers. RBC Dain utilized multiple databases to insure all managers were screened and all manager information was accurate. He stated that consultant representatives and Mr. Haertzen selected 14 growth managers and 9 value managers. From that list they selected 2 growth and 2 value managers for interviews. The Endowment Fund Investment Board Executive Committee, staff, and consultant representatives participated in the interview process. The following three managers were selected:

- Artisan Partners was selected as the mid-cap growth manager.
- Oppenheimer Capital was selected as a mid-cap value manager.
- Systematic Financial Management was selected as a mid-cap value manager.

The Executive Committee selected 2 mid-cap value managers because they scored equally well on the interviews, and they have very different management philosophies. The Executive Committee felt both philosophies would enhance the endowment portfolio.

Governor Kempthorne called a brief break in the joint meeting to meet with Legislators, the media, and West Rock officials. During the break members of the Endowment Fund Investment Board met to discuss the situation with equity manager Trainer Wortham.

10.C.a. – Consulting Services

He also stated that the institutional consultant group of RBC Dain is now managing the Endowment Fund Investment Board contract. They have lowered their fee to match their normal fee schedule. This will result in a savings of approximately \$13,000 for the remainder of the contract.

Mr. Haertzen stated the cash flow issue is becoming critical. The Public School fund will be out of money and not able to pay the second fiscal year 2003 beneficiary payment due in early July. Superintendent of Public Instruction Marilyn Howard will discuss a payment schedule with Tim Hill of her office to see if the July payment can be spread over several months beyond July when new revenue is received.

MOTION: That Trainer Wortham's services be terminated.